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TAGS: [ECON](#) [KMPI](#) [MU](#)  
SUBJECT: OMAN'S SME OFFICE INTERESTED IN ASSISTANCE

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Summary  
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¶1. The Ministry of Commerce and Industry has established a new office dedicated to coordinating Oman's various Small and Medium-Sized Enterprise (SME) programs. The SME Director General has requested USG technical assistance in helping his directorate accomplish their mission. End Summary.

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Programs in Place  
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¶2. On October 30, Econoff met with Salah al-Mawali, Director General of Small and Medium-Sized Enterprise (SME) Development, Ministry of Commerce and Industry, to discuss furthering bilateral cooperation in the sector. Mawali stated that the recent creation of his office reflected the Ministry's recognition of the importance of SME development to the future of Oman's economy. He remarked that the government has already instituted a number of mechanisms to support SME development, including the establishment of the Oman Development Bank, which offers 3% loans to qualified applicants, the Sanad Program, which provides interest-free loans between 5,000 and 25,000 Omani rials (USD 13,000-65,000) to prospective start-ups, and the Youth Fund, which enters into 50-50 partnerships with young Omani entrepreneurs. Furthermore, Mawali highlighted the creation of a \$10 million revolving fund administered by GroFin and the Intilaaqah program, which provides training to young entrepreneurs, as another outlet for assistance.

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Diagnostic Center  
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¶3. What Oman really needs, according to Mawali, is a change of mindset from the traditional reliance on government employment. He found that most Omanis were unaware of the requirements in setting up their own businesses and the programs available to assist them. To promote an entrepreneurial spirit, the Minister had tasked Mawali with creating a "non-traditional" office to coordinate the various SME activities currently underway in Oman and to serve as a "diagnostic center" to overcome bureaucratic hurdles. The Minister asked Mawali to model his office on the experiences of the U.S. and UK, as, "There's no reason why we can't do what the Americans and the Brits are doing for their SMEs."

¶4. To this end, Mawali has expanded his office to nine employees and sponsored a seminar in Salalah (Oman's second largest city) with support from financial experts in Bahrain. On November 11, the office will host a seminar with the

banking sector to identify ways of making banking services more accessible to entrepreneurs through lower interest rates. He said that his office is considering creating a guarantee agency to support SME lending, with at least some funds contributed by the banks themselves, but that the Minister has not yet weighed in on the subject.

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More Help Needed  
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15. Mawali welcomed USG technical assistance in SME development, especially in the oil and gas, information technology, tourism, and construction sectors. In particular, Mawali requested the services of a consultant to work with his office for a month to share best practices on ways government can promote SMEs. He also recommended technical assistance for the local banking sector, which currently lends only to those SMEs backed by tangible assets, such as heavy construction machinery.

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Comment and Action Request  
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16. Embassy appreciates offers of MEPI assistance in SME development and will coordinate with Beyster Institute's Rob Fuller on an upcoming trip to determine how Beyster's programming can complement what Oman already offers. Embassy is also coordinating with the Central Bank of Oman on assistance for the banking sector in terms of lending practices from the Financial Services Volunteer Corps. Embassy would appreciate MEPI's thoughts on the possibility of seconding a USG-sponsored consultant to the Ministry of Commerce and Industry for a month to share best practices on fostering SMEs. End Comment and Action Request.  
GRAPPO